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SPECIAL REPORT

Kaddafi's Crusade

The Libyan leader threatens new terrorist attacks after Reagan steams through his 'line of death'

His audience was small and relatively subdued, but Muammar Kaddafi managed to work himself into a fine frenzy. "We humiliated America and its forces," he told the crowd gathered at the Bab al Aziziya barracks in Tripoli. Kaddafi boasted that his "line of death" had repelled the U.S. Sixth Fleet in the Gulf of Sidra. He claimed that his missiles had shot down three American warplanes, "whose six pilots are now feeding the fish." He maintained that his forces had recovered a dud missile fired by the Americans. "We are going to hand it over to the Russians," he gloated. He dismissed Ronald Reagan as "a trivial and futile actor" and bragged that "America fears Libya." When Kaddafi finally finished, Libyan soldiers dragged out a terrified cow with "Reakn" painted on its side. One of the men slit its throat with a knife. Then, as the animal thrashed out its life, the soldiers dipped their hands into the wound and danced around in the blood.

By American reckoning, it was Kaddafi whose ox was gored last week. U.S. warships steamed across the "line of death" into what Libya regards as territorial waters and stayed there, unharmed, for 75 hours. When Libya fired surface-to-air missiles at American planes, the Sixth Fleet replied with missiles of its own, silencing the air-defense battery. When Libyan patrol boats approached the fleet, bombs and missiles drove them off, sinking at least two. The American armada—three giant aircraft carriers and 24 other ships—had come to keep the sea lanes open and to punish Kaddafi for his sponsorship of international terrorism. The dual mission accomplished, it sailed away five days before the announced end of the exercise, with Reagan offering "a hearty 'well done'."

That might not be the end of it, however. By barging into the Gulf of Sidra, Reagan gave Kaddafi a bloody nose, but there was no sign that the volatile Libyan leader had been persuaded to get out of the terrorism

business. On the contrary, Libya exhorted its fellow Arabs to form "suicide squads" and to hurl "human bombs" at American targets in the region. Already, Kaddafi had begun to mobilize a counterattack by his allies and protégés in the vast underworld of international terrorism (page 25). "America is our target," announced the Palestinian faction run by Abu Nidal, who was blamed for the atrocities at the Rome and Vienna airports last Christmas. Reagan himself warned about "intensive Libyan preparations" for a campaign of violence against Americans. "The United States will not be intimidated by new threats of terrorism," the president promised. So far, most Americans seemed to agree. In a NEWSWEEK Poll (page 23), 63 percent of the people questioned said last week's attack on Libya was worthwhile, even if it leads to more terrorism against Americans.

And it probably will. Senior American officials, intelligence analysts and diplomatic sources in Washington have told NEWSWEEK of mounting evidence that Kaddafi is preparing a crusade against American citizens and facilities, mostly in Western Europe and the Middle East. His bag of dirty tricks includes the following:

■ Highly classified CIA reports warn that Kaddafi's agents have had "no fewer than 35" American targets under surveillance overseas. The list ranges from the offices of American companies to the headquarters of the Sixth Fleet and the homes of its top officers in Naples. President Reagan also has been told that Libyan hit squads are tailing CIA station chiefs in the region.

■ Last Wednesday a message was sent from Tripoli to Libyan agents in Paris, Belgrade and Geneva, ordering them to "prepare to carry out the plan." Similar messages were sent to Kaddafi's agents in Rome, Berlin and Madrid.

■ A defector from a Libyan hit squad has told the CIA about a plot against the life of an American diplomat in Europe. The de-

factor, a North African who was recruited by Libyan agents in Western Europe, has passed a series of lie-detector tests and is still in U.S. custody.

■ Two Libyan agents in the Lebanese Army were ordered last week to attack U.S. Embassy personnel in Beirut. American officials believe that U.S. buildings in the Lebanese capital are now safe from car-bomb attacks. But they worry that assassins might attack Americans with rocket-propelled grenades.

■ In recent weeks Kaddafi has intensified his efforts to recruit European and Palestinian hit men in hopes of shifting the blame away from Libya. One Palestinian was enlisted to help carry out an attack on a U.S. diplomatic mission in Western Europe. The plot was uncovered when Yasir Arafat, leader of the Palestine Liberation Organization, tipped off the United States through a third party. Arafat didn't want his own Al Fatah to be blamed.

■ To keep Washington in what one source calls "a state of high anxiety," the Libyans are planning a psychological-warfare campaign in Europe and the Middle East, including telephoned bomb threats. "We think they're really going to yank our chain," says an American official. Libya also is trying to stir up demonstrations at U.S. embassies in Sudan and two other African countries. Apparently the Libyans hope that the demonstrators will run amok and sack the embassies.

The targeted embassies and other Americans in danger overseas have been warned, and across Europe and the Middle East governments are tightening up security. Similar steps are being taken in many American cities and airports, and the 3,500 Libyans who live in the United States are being watched. Some of the precautions were taken before last week's action in the Gulf of Sidra and have already begun to pay off. In February an Italian soldier and a free-lance cameraman were arrested in Sicily and accused of giving secrets to the Libyans, possibly in connection with a plot against Americans.

Intelligence analysts aren't sure when Kaddafi's new terror campaign will begin, if it does at all. Some experts argue that he will strike quickly in order to reaffirm his manhood after the Gulf of Sidra incursion. Others believe he will wait two or three months, giving himself time to put together an elaborate campaign—and giving Americans time to drop their guard. Robert Kupperman of Georgetown University in Washington predicts that Kaddafi will hold off for a couple of months. Then, he

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says, "we're going to see attacks against Americans at airports, on the Via Veneto, at train stations. There will be attacks against individuals—American officials living abroad and tourists—and against American businesses. We're in for terrible trouble ahead."

But Kaddafi is as unpredictable as he is dangerous. According to several sources, a frequently updated CIA report on his mental state claims that he uses hallucinogens to expand his mind. Kaddafi also is said to be preoccupied with a girlfriend in Western Europe, flying off in a private plane to visit her almost every week. Whether or not those stories are true, Kaddafi sometimes doesn't seem to make sense, even to people who share his cultural background. NEWSWEEK has learned that one impeccable source who conferred with Kaddafi last Tuesday told American officials that he found the Libyan leader "disoriented and incomprehensible."

If Kaddafi is caught sponsoring attacks on Americans, the Reagan administration promises a swift and strong response. No final decisions have been made, in part because American retaliation will depend on what Kaddafi does. Officials have told NEWSWEEK, however, that most of Reagan's advisers support Secretary of State George Shultz's longstanding call for reprisals the next time around, not just against terrorist camps but against Libyan military and economic targets as well. Secretary of Defense Caspar Weinberger and Adm. William Crowe, the chairman of the Joint Chiefs of Staff, are still reluctant to use military power except against specific terrorist targets. But Donald Regan, the White House chief of staff, John Poin-dexter, the president's national-security adviser, and CIA Director William Casey support Shultz's contention that further Libyan-sponsored terrorism should be answered with devastating attacks.

So far most of Libyan industry does not appear on any U.S. target list; nor have plans been drawn up to bomb Kaddafi's command bunker or the barracks where he lives. But American targeters already are prepared to attack a wide range of Libyan military facilities and the training camps allegedly used by terrorists. And if Kaddafi gives them sufficient provocation, American warplanes will go after the oil pipelines and storage facilities that are crucial to Libya's hard-pressed economy. "The next act of terrorism," promises a top U.S. official, "will bring the hammer down."

Going it alone: Washington began to tighten the screws on Kaddafi early this year. After the murder of 15 air travelers in Rome and Vienna, Reagan ordered American residents to leave Libya, and he imposed a trade

embargo on the country. Many American allies were unenthusiastic about the sanctions, which seemed likely to do Kaddafi little harm. Preparing to go it alone, the administration drafted a long-term plan for additional economic and political moves against Kaddafi. It also started to look for an excuse to take military action against him (NEWSWEEK, Jan. 20).

Why Libya? The administration has long recognized that Syria and Iran are even more deeply involved with terrorism than Kaddafi is. The Abu Nidal group, for in-

stance, could be traced more directly to Syria than to Libya. But Syria and Iran are difficult, well-armed targets, and the State Department regards Syrian President Hafez Assad as the essential mediator in Lebanon. So Libya became the prime U.S. target. Whatever his precise standing may be among the patrons of terrorism, Kaddafi deserved to be punished. "He harbors terrorists, trains them, supplies them and encourages them," Shultz said in Rome last week. "You don't have to be Sherlock Holmes to figure it out." Kaddafi also con-

Fearing Trouble: A Newsweek Poll

Most Americans think last week's action against Libya was justified, but they fear a terrorist response. And there are grave doubts about aiding the contras.

Gulf of Sidra Attacks

Do you think U.S. attacks against Libyan ships and military sites were justified or not?*

75% Justified
15% Not justified

Some people think that U.S. naval maneuvers in the Gulf of Sidra were a deliberate attempt to provoke an attack from Libya. Do you agree or disagree?*

43% Agree
46% Disagree

*ANSWERS FROM THE 90 PERCENT OF ALL RESPONDENTS WHO HAD HEARD OR READ ABOUT THE U.S. RETALIATORY ATTACKS.

Fears of Terrorism

Following the U.S. attack on Libya, are you more afraid of terrorist acts against Americans because Kaddafi will retaliate, or less afraid because the attack taught Kaddafi a lesson?

64% More afraid
26% Less afraid

Do you think the U.S. attack on Libya was worth doing even if it risks more terrorist attacks against Americans?

63% Worth it
26% Not worth it

If you had the opportunity to travel overseas this summer, would you take the trip or refuse it because of the threat of terrorism?

34% Take trip
61% Refuse it

Aid to the Contras

Do you think giving U.S. military aid to the contra forces fighting the communist government in Nicaragua will eventually lead to U.S. troops being sent there to help in the fight? Or do you think such aid will permit the contras to carry on without the help of U.S. troops?

44% U.S. troops will be sent
33% Permit contras to carry on
23% Don't know

Which is of greater concern to you today: the presence of a communist government as close to the United States as Nicaragua, or the possibility that U.S. troops will become involved in a war in Central America?

34% Communist government
54% U.S. troops involved

The Wise Use of Military Force

Do you think President Reagan makes wise use of military forces to solve foreign-policy problems, or do you think the president is too quick to employ U.S. forces?

	Wise	Too quick
Current	56%	32%
2-84	40%	52%
10-83 (After Grenada)	43%	47%

For this NEWSWEEK Poll, The Gallup Organization interviewed a representative national sample of 606 adults by telephone March 26 and 27. The margin of error is plus or minus 5 percentage points. Some "Don't know" responses omitted. The NEWSWEEK Poll © 1986 by NEWSWEEK, Inc.

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tinued to alarm Washington with his meddling in Chad, where his forces are supporting rebels against the government, and Sudan, where he is supporting the government against some rebels. Even Libya presented problems as a target, however. It was difficult to locate the terrorist camps and to know when they were occupied by specific groups, such as Abu Nidal's. And there was a high risk of killing Libyan bystanders.

Then, in late January, Kaddafi gave the Americans the pretext they were looking for: he proclaimed his "line of death" across the Gulf of Sidra (map). "That line is manifestly illegal under international law, so the United States had a perfect right to cross it, which means a perfect right to fire back if Kaddafi were to attack us," said a senior administration official. The freedom-of-navigation issue also solved the targeting problem; the Americans could fire at Libyan missile sites, aircraft or warships that threatened them. In early February the planning for Operation Prairie Fire began, and soon Washington's resolve was hardened by the CIA reports that Libyan agents were shadowing U.S. diplomats in Europe and the Middle East. By then the Navy had begun to put pressure on Kaddafi with unannounced incursions into the airspace over the Gulf of Sidra. Sources told NEWSWEEK that carrier-based American planes crossed the line for 32 consecutive days, forcing Kaddafi to keep his air defenses on constant alert.

Moral heights: The decision to go ahead with Prairie Fire was made at a meeting in the White House on March 14. The toughest issue was how to retaliate if Kaddafi fired on the fleet. Shultz favored swift attacks on Libyan oilfields and terrorist camps, while Weinberger argued that the U.S. response should be proportional to the Libyan aggression. Shultz wanted targets to be selected in advance, while Crowe insisted that the Sixth Fleet commander, Vice Adm. Frank Kelso, should be allowed to make the final decisions on the spot. Poindexter had the swing vote, and he engineered a compromise: Kelso could defend himself, but if Kaddafi launched an all-out assault the fleet would retaliate against a graduated, preselected list of Libyan military and economic targets, with Washington approving each escalation. Later, officials agreed that Poindexter's compromise allowed the United States to retain the moral high ground by waiting until the Libyans opened fire and then responding in kind.

Then, NEWSWEEK has learned, the na-

tional-security adviser dropped a stitch. After agreeing to brief congressional leaders on Prairie Fire, Poindexter failed to follow through, apparently because it slipped his mind. The Hill went unbriefed, even as Under Secretary of State Michael Armacost called in the Soviet chargé d'affaires to tell him what was going to happen—and to warn Moscow that U.S. forces would strike back if Libya opened fire.

Ronald Reagan himself took little part in the March 14 meeting. "You almost got the impression that he wasn't paying attention," an aide recalls. But at the end Reagan recapped the proceedings and went over the

station outside the Gulf of Sidra, and they knew what was likely to happen next. The skipper, Capt. Jerry Unruh, sported a name tag on his breast pocket that read: "Terrorist Buster." "One of the men gave it to me, and I promised I'd wear it," he told NEWSWEEK's Theodore Stanger, who visited the carrier as Prairie Fire began. By then the ship's store had sold out its supply of "Terrorist Buster" T-shirts (\$4.50 each).

'Standoff' range: After lunch on Monday the Libyans fired their first SAM-5 missiles, and in response, American warplanes hurtled off the flight decks of the Saratoga, the Coral Sea and the America.

For nearly 24 hours they continued their scheduled training flights and fought when they had to, efficiently but cautiously. American electronics jammed the Libyan defenses, and the Sixth Fleet fired its missiles and dropped its bombs from the relative safety of "standoff" range. There were a few glitches. The fleet never did determine exactly how many missiles the Libyans had fired or how many Libyan patrol boats were sunk or how many Libyans had been killed (150 was the best guess). In addition, U.S. officials worried that Kaddafi might have been telling the truth when he said he had recovered a dud "HARM" missile, which could be an intelligence bonanza for Moscow. When the first action reports got back to the White House, however, Ronald Reagan's first question was: "Any casualties?" None, he was told. "Good!" the president exclaimed, pounding the arm of his chair.

Elsewhere, the incursion drew a mixed reaction. Congress was more or less acquiescent. Some of the European allies regretted the violence, but not too heatedly, while others happily cloaked themselves in the fig leaf of free navigation. As expected, Arab governments complained, moderates and radicals alike, but some of the protests had a hollow ring. "People keep coming up to us in private and saying, 'Great,'" reported a U.S. diplomat in the Middle East, where Kaddafi is more despised than admired. The final verdict on Operation Prairie Fire will come in the weeks and months ahead, when Kaddafi launches his next terror campaign—or decides not to risk it. If there is a new round of terror, the ruthless friends of Muammar Kaddafi will find that the stakes are higher the next time around.

RUSSELL WATSON with JOHN WALCOTT and JOHN BARRY in Washington. TONY CLIFTON and RUTH MARSHALL in Tripoli and bureau reports



Burnt offering: A Libyan patrol boat after a hit by a U.S. missile

rules of engagement in some detail. "It was pretty obvious that he knew what he was going to do long before he sat down," says the aide. When the action began last week, administration spokesmen insisted that freedom of navigation was the only issue. "The purpose is not to put Kaddafi into his box, [although] that's where he belongs," Shultz said during a visit to Turkey. "The purpose is to exert the U.S. right to conduct naval and air exercises in every part of the globe." But aides confirm that Reagan has a visceral dislike for Kaddafi and wants to overthrow him, just as he hopes to depose Nicaragua's Daniel Ortega. "We wanted to provoke Kaddafi into responding so we could stick it to him," says one participant in the March 14 meeting. "And we knew he would oblige us."

The men on board the aircraft carrier Saratoga knew exactly why they were on

NEW YORK TIMES

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President's News Conference on Foreign and Domestic Issues

Following is a transcript of President Reagan's news conference last night in Washington, as recorded by The New York Times:

OPENING STATEMENT

Good evening. I have a brief statement here. Before taking your questions. I'd like to touch briefly on two important issues.

First, the deadline for Americans paying their taxes — April 15th — will be upon us in less than a week. April 15th is also the date that the Congress is required to complete work on a budget resolution.

Tens of millions of Americans will meet their deadline — they'll pay their taxes — even if they have to spend the entire weekend figuring out how much they owe. But will Congress meet its deadline for the budget resolution? We hear the same tattered old argument that the American people are undertaxed.

Well, the American people are not undertaxed — but their patience is overtaxed. Today, taxes take the same share of the Gross National Product as during the 1970's. But Government spending as a share of Gross National Product has soared up and up.

So I urge the Congress to forget about raising taxes and concentrate instead on controlling spending and putting Government's financial house in order. And that'll help our economy and continue the best economic expansion this country's seen in a quarter of a century.

Second issue is aid to the Nicaraguan freedom fighters. Two events in recent weeks have underscored the urgency of our aid request to the democratic resistance. First, the Nicaraguan Communists sent troops

into Honduras on a search-and-destroy mission to kill off the freedom fighters. Second, the Sandinista Communists torpedoed the Contadora talks — talks conducted with 12 other Latin countries who seek peace in the region.

And these events demonstrate that the Nicaraguan Communists will never make peace with their neighbors, or with their own people, unless the pressure on them increases. The Communists must realize that they cannot crush their opponents, and our assistance can ensure that the freedom fighters are not crushed. That assistance will give Nicaraguans a choice, and it will give diplomacy a chance.

Four out of five Central American countries now have democratic governments — democracies that our bipartisan policies helped to bring about.

We must stick to this bipartisan strategy — and this coming week, the House of Representatives will be called upon to maintain that tradition. Action now is essential. We cannot afford further delay. This proposal must not be held hostage to any other legislation.

Through its vote next week the House can show the world that the United States is determined to defend freedom in Central America. The Soviet Union, Fidel Castro and the Sandinistas are determined to make the region a Communist enclave. Well, we must not and we will not permit that to happen. Helen?

talist revolution, which is targeted on many of his own Arab compatriots and where we figure in that I don't know. Maybe we're just the enemy because it's a little like climbing Mount Everest — because we're here. But there's no question but that he has singled us out more and more for attack and we're aware of that. As I say, we're gathering evidence as fast as we can.

Q. Mr. President, Colonel Qaddafi threatened today to escalate the violence against American civilians and military targets throughout the world if his country is attacked. Does he have the ability to strike here on American soil?

A. Well, he has — we know that there are a number of his countrymen in this country. He has even suggested that he could call upon people to do that, and we certainly do not overlook that possibility. We're going to be on the alert and on guard for anything he might do. He has threatened that he will bring that kind of warfare to our shores — directly here.

Of course it's kind of hard to keep up with him because just a short time after this recent T.W.A. explosion he went on the air to state that this was an attack on innocent civilians and pure terrorism, and he wouldn't have anything to do with that. That's the same man who referred to the slaughter of the innocents in Rome and Vienna airports as a noble act.

So, I don't know whether you count on what he says for your real information. I think you just ignore that and go looking for facts.

Q. What precautions would you say Americans can take to prevent terrorist attacks at home?

A. Well we're doing everything that we can, and I think all of the law-enforcement agencies of America are alerted to this fact. And we're not entirely helpless, because, as I pointed out, I believe, sometime recently or the last time we were here, that in the last year we have aborted, through our intelligence gathered in cooperation with our allies, we have aborted 126 planned terrorist attacks that never took place because of our having the information in advance.

QUESTIONS AND ANSWERS

Libya and Terrorism

Q. Mr. President, do you have any solid evidence that Qaddafi is responsible for the recent acts of terrorism? And if you are contemplating major retaliation, won't you be killing a lot of innocent people? I'd like to follow up.

A. Helen, we have considerable evidence over quite a long period of time that Qaddafi has been quite outspoken about his participation in urging on and supporting terrorist acts, a kind of warfare as he has called it. Right now, however, I can't answer

you specifically on this other because we're continuing with our intelligence work and gathering evidence on these most recent attacks. And we're not ready yet to speak on that and any action that we might take would be dependent on what we learn and so I can't go further.

Q. Mr. President, I know you must have given it a lot of thought but what do you think is the real reason that Americans are the prime target of terrorism? Could it be our policies?

A. Well we know that this mad dog of the Middle East has a goal of a world revolution, Muslim fundamen-

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EXCERPTED

APRIL 15 1986



Transcript of Address By Reagan on Libya

My fellow Americans, at 7 o'clock this evening Eastern time, air and naval forces of the United States launched a series of strikes against the headquarters, terrorist facilities and military assets that support Muammar Qaddafi's subversive activities.

The attacks were concentrated and carefully targeted to minimize casualties among the Libyan people, with whom we have no quarrel.

From initial reports, our forces have succeeded in their mission. Several weeks ago, in New Orleans, I warned Colonel Qaddafi we would hold his regime accountable for any new terrorist attacks launched against American citizens. More recently, I made it clear we would respond as soon as we determined conclusively who was responsible for such attacks.

On April 5 in West Berlin a terrorist bomb exploded in a nightclub frequented by American servicemen. Sgt. Kenneth Ford and a young Turkish woman were killed and 230 others were wounded, among them some 50 American military personnel.

This monstrous brutality is but the latest act in Colonel Qaddafi's reign of terror. The evidence is now conclusive that the terrorist bombing of La Belle discotheque was planned and executed under the director orders of the Libyan regime.

On March 25, more than a week before the attack, orders were sent from Tripoli to the Libyan People's Bureau in East Berlin to conduct a terrorist attack against Americans, to cause maximum and indiscriminate casualties. Libya's agents then planted the bomb.

On April 4, the People's Bureau alerted Tripoli that the attack would be carried out the following morning. The next day they reported back to Tripoli on the great success of their mission.

Our evidence is direct, it is precise, it is irrefutable. We have solid evidence about other attacks Qaddafi has planned against the United States' installations and diplomats and even American tourists.

Thanks to close cooperation with our friends, some of these have been prevented. With the help of French authorities, we recently aborted one such attack: a planned massacre using grenades and small arms of civilians waiting in lines for visas at an American Embassy.

Colonel Qaddafi is not only an enemy of the United States. His record of subversion and aggression against the neighboring states in Africa is well documented and well known. He has ordered the murder of fellow Libyans in countless countries. He has sanctioned acts of terror in Africa, Europe and the Middle East, as well as the Western Hemisphere. Today we have done what we had to do. If necessary, we shall do it again.

It gives me no pleasure to say that, and I wish it were otherwise. Before Qaddafi seized power in 1969, the people of Libya had been friends of the United States, and I'm sure that today most Libyans are ashamed and disgusted that this man has made their country a synonym for barbarism around the world.

The Libyan people are a decent people caught in the grip of a tyrant.

To our friends and allies in Europe who cooperated in today's mission, I would only say you have the primary gratitude of the American people. Europeans who remember history understand better than most that there is no security, no safety, in the appeasement of evil. It must be the core of Western policy that there be no sanctuary for terror, and to sustain such a policy, free men and free nations must unite and work together.

Sometimes it is said that by imposing sanctions against Colonel Qaddafi or by striking at his terrorist installations, we only magnify the man's importance — that the proper way to deal with him is to ignore him. I do not agree. Long before I came into this office, Colonel Qaddafi had engaged in acts of international terror — acts that put him outside the company of civilized men. For years, however, he suffered no economic, or political or military sanction, and the atrocities mounted in number, as did the innocent dead and wounded.

And for us to ignore, by inaction, the slaughter of American civilians and American soldiers, whether in nightclubs or airline terminals, is simply not in the American tradition. When our citizens are abused or attacked anywhere in the world, on the direct orders of a hostile regime, we will respond, so long as I'm in this Oval Office. Self-defense is not only our right, it is our duty. It is the purpose behind the mission undertaken tonight — a mission fully consistent with Article 51 of the United Nations Charter.

We believe that this pre-emptive action against his terrorist installations will not only diminish Colonel Qaddafi's capacity to export terror — it will provide him with incentives and reasons to alter his criminal behavior. I have no illusion that tonight's action will bring down the curtain on Qaddafi's reign of terror, but this mission, violent though it was, can bring closer a safer and more secure world for decent men and women. We will persevere.

This afternoon we consulted with the leaders of Congress regarding what we were about to do and why. Tonight, I salute the skill and professionalism of the men and women of our armed forces who carried out this mission. It's an honor to be your Commander in Chief.

We Americans are slow to anger. We always seek peaceful avenues before resorting to the use of force, and we did. We tried quiet diplomacy, public condemnation, economic sanctions and demonstrations of military force — none succeeded. Despite our repeated warnings, Qaddafi continued his reckless policy of intimidation, his relentless pursuit of terror.

He counted on America to be passive. He counted wrong. I warned that there should be no place on earth where terrorists can rest and train and practice their deadly skills. I meant it. I said that we would act with others if possible and alone if necessary to insure that terrorists have no sanctuary anywhere.

Tonight we have. Thank you, and God bless you.



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20 May 1986

C.I.A. Director Urges Inquiry on NBC Broadcast

By **STEPHEN ENGELBERG**

Special to The New York Times

WASHINGTON, May 19 — The Director of Central Intelligence said today that he had asked the Justice Department to consider prosecuting the National Broadcasting Company on a charge of broadcasting a report containing classified information.

William J. Casey, the Director, said tonight that the report on this morning's "Today" program would, if true, be a violation of a law forbidding publication of communications intelligence.

Mr. Casey has said several times in recent weeks that he believed the Reagan Administration should prosecute news organizations that violate the laws protecting information related to national security. The Justice Department said tonight it would have no comment.

Report on Spy Suspect

The report, by James Polk, an NBC correspondent, discussed the activities of Ronald W. Pelton, a former employee of the National Security Agency, who went on trial today on espionage charges in Federal District Court in Baltimore. He is accused of giving Soviet agents information about efforts by the National Security Agency to intercept communications within the Soviet Union.

In a transcript of the broadcast as released by NBC, Mr. Polk said: "Pelton apparently gave away one of the N.S.A.'s most sensitive secrets, a project with the code name Ivy Bells believed to be a top-secret eavesdropping program by American submarines inside Soviet harbors."

The code name Ivy Bells has been mentioned around Washington for some time, but the NBC report was not independently confirmed tonight.

On the question of whether the broadcasting or publication of secret information presumably already in the hands of the Soviet Union could harm the United States, the C.I.A. has argued that news reports could provide further confirmation to the Soviet Union that the information was accurate.

'Statutory Obligations'

In his statement, Mr. Casey said: "We believe that the assertions, if true, made by James Polk on the NBC Today show violate the prohibitions in 18 U.S.C. 798 against publishing any classified information concerning the communications intelligence activities of the United States. My statutory obligation to protect intelligence sources and methods requires me to refer this matter to the Department of Justice."

The law, passed in 1950, bars publication of any information relating to codes and intelligence gathered through intercepted communications. In one of its broadest provisions, it prohibits disclosure of communications by foreign governments if they were obtained through interception.

No news organizations have ever been prosecuted under this statute.

Mr. Polk said: "NBC is referring Mr. Casey's allegation to our legal counsel and therefore I'm asked not to comment." Tim Russert, a vice president at NBC, said it had "referred Casey's allegation to legal counsel to review." He had no further comment.

A spokesman for the agency, George Lauder, said last week that intelligence officials had been ordered not to provide information on intelligence matters to The New York Times and other news organizations.

5 Organizations Names

Mr. Casey has said that five news organizations have violated the communications intelligence statute in reporting on intercepted Libyan communications. These were The New York Times, The Washington Post, Time, Newsweek, and The Washington Times. Editors in those organizations denied knowing of any story they published that violated the law and Justice Department officials were cool to the idea of bringing prosecutions.

In a speech last week, Mr. Casey said that he was not in favor of pursuing past violations, but said future instances in which the laws were broken should be pursued in the courts.

Two weeks ago, Mr. Casey warned two editors of The Washington Post that their newspaper could face prosecution if it published a report on the same subject.

Editors at The Washington Post have said they have not yet decided whether to publish their story on the Pelton case.

The Justice Department is the Federal agency that decides whether to bring criminal prosecutions. When other agencies believe they have evidence of criminal violations of Federal law, they refer the information to the Justice Department, which decides whether to prosecute.

Fred Warren Bennett, Mr. Pelton's lawyer, said today that jury selection in the case would take three to four days. He said trial itself would probably last between five and eight days.

Mr. Bennett said he did not plan to use classified information in defending Mr. Pelton. But he said he planned to cross-examine prosecution witnesses who are expected to testify on the potential damage to national security prosecutors say Mr. Pelton caused.

Most evidence against Mr. Pelton made public so far is drawn from his admissions to two agents of the Federal Bureau of Investigation in two interviews last year. Federal District Judge Herbert Murray has rejected Mr. Bennett's attempt to suppress those statements. Mr. Bennett said the statements were elicited through trickery and added that he would raise the issue again in the trial itself.

"We plan to pursue that defense as well as others," he said.

Prosecutors have avoided giving precise descriptions of programs Mr. Pelton has been accused of compromising. Government officials said the National Security Agency has pressed hard to assure that as little as possible is disclosed about its operations.

Prosecutors have also made public little information about telephone calls they said Mr. Pelton made to set up his first meeting with Soviet agents. In court papers, the prosecution has said only that the calls were made to a "targeted premises." Law enforcement officials have said these calls were made to the Soviet embassy.

Prosecutors have said in pre-trial motions that the tapes would be played for the jury through headphones. The tapes would not be audible to the public, although edited transcripts would be provided for reporters. The National Broadcasting Company and WMAR, its local affiliate in Baltimore, have challenged this procedure.

"We're trying to get it so the tapes are played in open court and no part of this trial is closed," said Stewart G. Webb, a lawyer representing the news organizations.

Meetings in Vienna

According to court papers, Mr. Pelton disclosed to Soviet agents at least two sets of information relating to the security agency.

Prosecutors charged that Mr. Pelton called the Soviet agents in January 1980 to offer them something "very interesting." According to court papers, the F.B.I. said Mr. Pelton said he told the Soviet agents at a subsequent meeting about an N.S.A. collection project that could be understood without much technical knowledge.

Prosecutors charged that over the next three years Mr. Pelton met with Soviet agents twice in Vienna. Among the matters discussed, the prosecutors said, was a report Mr. Pelton wrote in 1978 about security agency projects aimed at the Soviet Union.

The tip that lead to the investigation of Mr. Pelton came from Vitaly Yurchenko, a former official of the K.G.B., the Soviet intelligence agency who defected to the West. Mr. Yurchenko subsequently returned to the Soviet Union, charging he was kidnapped and tortured by the Central Intelligence Agency. But American officials have concluded he was a defector who changed his mind.

According to court papers, Mr. Pelton was overheard talking to Mr. Yurchenko in one of the phone calls intercepted by American authorities in 1980.

Judge Murray began questioning prospective jurors today about their affiliation with the military, the United States government, and local law enforcement agencies. He said he would question them individually in his chambers.

The jurors were asked to fill out questionnaire in which they were asked to identify, among other things, which newspapers they read, which television news shows they watched, and the names of their three favorite television shows.